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INDUSTRIAL CONCILIATION AND ARBITRATION

By HONORABLE MARCUS A. HANNA

United States Senator from Ohio

When I received the kind invitation of this society to come to this meeting, I confess I did not know what I was coming to. I like to talk upon practical things, and there is no subject to-day that is nearer my heart than is this question of the relation between capital and labor.

The subject assigned to me was "Arbitration," which I consider only introductory in entering upon the discussion of a subject as broad as the one under consideration this evening. The matter of arbitration might be considered under two heads. Arbitration in business circles, by business men, whom we may call employers or capitalists, if you please, is one phase of it, but arbitration to settle differences between employers and employees is an advanced stage of it. It is a progressive form of arbitration.

To have success in conciliation, or arbitration, there must be thorough and effective organization on both sides. The large aggregations of capital, feared at first by labor, may prove to be labor's best friend, in that, control of a trade being thus centralized, there is opportunity to establish friendly relations which shall make uniform conditions throughout the country, or large sections thereof, and reduce the basis of competition to the quality of the product rather than to the concessions forced from labor.

The growth of sentiment for arbitration and conciliation has been reflected in the legislation of the various states. While foreign countries made the earlier attempts by legislation to promote the formation of local boards of arbitration, some of the states of the Union were first to establish permanent central bodies with authority to mediate in labor disputes and to arbitrate matters referred to them. Sixteen states have established such central boards, beginning with Massachusetts and New York in 1866 and following, in succeeding years, with California, Colorado, Idaho, Illinois, Louisiana, Montana, Minnesota, Ohio, Utah, Wisconsin, New Jersey, Michigan, Connecticut and Indiana. These

central boards usually consist of three members, an employer, an employee and a neutral.

Massachusetts, New York, Ohio, Indiana, Illinois and Wisconsin seem to be the only states within which tangible results have been accomplished, doubtless due to the highly developed industries prevailing and the frequency of labor disputes therein. In this as in all other matters of enforcement of public laws, successful results depend upon the strong impelling influence of an enlightened public sentiment.

The United States Government has established a method for arbitration and mediation in strikes and lockouts upon interstate transportation lines, by virtue of its constitutional authority over interstate commerce. The act of 1888 provided for a voluntary board, but had no provision for enforcement of awards, and seems to have fallen into disuse. In 1898 a new act was passed under the terms of which either party to a dispute upon any interstate transportation line might request the intervention of the chairman of the Interstate Commerce Commission, and the United States Commissioner of Labor. These officers have no specific authority to intervene on their own motion, but apparently have the right to attempt conciliation even in the absence of an application from either party. There has been no case of arbitration under the act, so its effect in application is yet to be demonstrated.

The compulsory law of New Zealand has found no favor in this country. The hearings before the recent Industrial Commission show that the representatives of both employers and workingmen gave testimony against compulsory arbitration. The employers object because, they claim, it would be one-sided owing to the lack of responsibility on the part of the workingmen, while the workingmen object because, they claim, it would be manipulated to suit the employers, and, if enforcement carried imprisonment, it would provide for a species of slavery intolerable in a free country. Many state boards, however, while not advocating as a whole compulsory arbitration, urge further legislation which shall prevent public inconvenience and loss resulting from strikes and lockouts involving public service corporations and means of transit.

This condensed summary of the general features of the question brings us logically to a consideration of the method or methods best suited to our time and country. Since the great majority interested on both sides, employer and employed, reject any system

of arbitration which includes compulsion in its composition, experiments must be along the line of mutual concession and tactful persuasion. Such results may be hoped for, and, perhaps, confidently expected in the system of mediation and conciliation promulgated by the Industrial Department of the National Civic Federation.

That brings me up to date. I do not propose to treat this question from an academic standpoint, but to give an expression of my own experience, having been a large employer of labor for more than thirty years, and having studied that question from the standpoint of mutual interest. My attention was strongly directed to this subject as far back as 1874, at the end of one of the most severe and destructive strikes that ever occurred in Northern Ohio, in the coal mines, long and protracted, bitter and destructive. When it was over both sides had suffered, and it occurred to me that there ought to be some other way to settle these differences, and as a result of that we organized in Northern Ohio an organization of employers, the mine owners, and the men organized what was known then as the National Bituminous Coal Miners' Association, the first of that character ever organized in the United States. Their constitution and by-laws provided that no strikes should occur until every other effort in the right should fail, and the employers covenanted that they would give hearings and consideration to any committees sent to them by the union.

As a result, during the life of the organization on the part of the men, there never was a serious strike. All differences, which with small beginnings very often lead to disastrous strikes, were settled by the employer and employee coming together with a proper spirit, with a determination to do right. Upon that hypothesis I have been working ever since, and from that day to this I have never had a serious strike.

The Civic Federation is the outgrowth of the evolution to which your chairman has referred. This country has grown greatly. Our industries have multiplied, and the opportunities for labor equally with it. Great undertakings are claiming the attention of the people, and this question of labor and capital has approached a crisis. This Civic Federation has adopted a constitution and by-laws covering simply the methods of procedure, and has also adopted a principle, and that principle is the Golden Rule.

Now, Mr. Chairman, the great productive capacity of this country has forced upon us the aggregation of capital and the creation

of great material wealth seeking opportunity for investment. This rapidly increasing wealth must find investment, and to make the investment in industrials secure we must have industrial peace.

The Civic Federation is beginning to lay the foundation for such results, with the hope that it will appeal to the whole country and to all classes of the people. We are simply placing before the American people the opportunity to unite with us in the accomplishment of this purpose, as necessary to our social conditions as to our industrial conditions. Of course, it is not an easy task; the conditions in the United States differ from those in any other country in the world. This great cosmopolitan people, coming to our shores by thousands every year from every country and from every clime, this coming together of all classes and all kinds of people from the four quarters of the globe, produces a condition of things not found in any other country. It is not an easy matter to assimilate such a large number of foreign immigrants; they do not understand our language, they are not abreast with the education of a self-governing people; they do not understand our institutions. Therefore, it must necessarily be a work of education, and the Civic Federation is merely a nucleus to begin this educational work.

When I make the appeal to all persons and all classes in the United States to join with us, I believe that in their hands ultimately rests the future of that question. We may have arbitration and we may have meetings of our conciliatory committees, but unless we have the sympathy of the people, who in the end are the final arbiters on this question, we cannot hope to succeed.

The Civic Federation is only two years old, and the Industrial Bureau of the Civic Federation has been scarcely organized, but seven strikes have already been settled in three months. It has prevented the occurrence of two strikes which would have brought from the labor ranks more than two hundred and fifty thousand people, and that has been accomplished, my friends, by simply finding out to start with what the differences were, and who were right and who wrong. When men get together with the determination to treat each side of the question fairly, and when the public feels that the men connected with this enterprise are thoroughly acquainted with details, men of prominence in the country, well known and well understood, and are men giving their time for the love of the work and the good they may accomplish, the public realizes that it means something.

In adjusting the relations of labor and capital, appeal must be made to the sympathies of the people. Opportunities like this to-night must be embraced to inform intelligent audiences of the character of the work to be done and to give them an opportunity to contribute their mite and influence to help the cause along. I know no city in the United States where we can look for more aid and comfort than in this great industrial centre of Philadelphia. Indeed, it was because of this that I was induced to come here to-night and discuss this question of capital and labor before people who in every day of their lives can put into execution and effect the principles for which we are contending.

My experience has taught me, my friends, that the employer because of his position has the most to do, and it must be expected that the employers, at least in the beginning of this educational work, should go more than half way. They provide work, and are responsible for the conduct of business, and upon them rests the responsibility of seeing that the men receive their share of its benefits. We must rise to a higher level, where we can have a broader view of this question, where we can tear ourselves away from the prejudices which have heretofore stood between capital and labor.

I believe in organized labor, and I have for thirty years. I believe in it because it is a demonstrated fact that where the concerns and interests of labor are entrusted to able and honest leadership, it is much easier for those who represent the employers to come into close contact with the laborer, and, by dealing with fewer persons, to accomplish results quicker and better.

The trusts have come to stay. Organized labor and organized capital are but forward steps in the great industrial evolution that is taking place. We would just as soon think of going back to primitive methods of manufacturing as we would primitive methods of doing business, and it is our duty, those of us who represent the employers, from this time on to make up our minds that this question is one that must be heard.

You are well aware that there has been a tendency in this country, from the very nature of things, to what is called socialism. Everything that is American is primarily opposed to socialism. We talk about it and regret that these conditions exist, regret that there are extremists who are teaching the semi-ignorant classes labor theories, that proceed upon the principle that liberty is

license. This is a condition which must be met. It is the duty of every American citizen to assume his responsibilities in this educational work, and to assist any organization which can correct these theories and these ideas. There is no question concerning our body politic to-day that should command deeper or more serious thought. There is nothing in the organization of society in this country that can afford to permit the growth of socialistic ideas. They are un-American and unnatural to us as a people.

In the beginning of this work I received great encouragement from an address which Samuel Gompers made in Cooper Union Institute, in New York, about a year and a half ago, when he took the broad ground that in the interests of labor there was no room for the socialist or the anarchist, no room for men who undertook to disturb the principles of our society and government. When such words came from a man leading the largest labor organization in the world, a man of advanced thought and of honest intent, I knew that now is the time to strike, now is the time to proclaim to the American people that in the consideration of this question, which sooner or later must be forced upon us, we must consider what is for the best interests of society as well as for our material development.

If I can impress these principles upon the people of this country, either by word or action; if I can hold the attention of the American people away from all selfish and political interests long enough to have them study and investigate this great question, I shall feel that of all the efforts I have ever made to serve my country and society in any way, that has been the best.